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1 A. I assume that's a fixed price. 2 Q. I understand that you're saying that, but have 3 you ever personally negotiated with the credit card 4 processing company? 5 A. Not to my knowledge, no. 6 Q. Okay. And has any credit card processing 7 company, Mr. Davari, ever said to you, "We do not 8 negotiate on our price"? 9 A. No. 10 Q. Okay. 11 A. They usually come and say, "This is the best 12 price." 13 Q. Okay. 14 A. And you take it as the best price -- 15 Q. Do your man -- 16 A. -- best rate. 17 Q. Do your managers at each club have the 18 authority to sign a credit card processing contract? 19 A. I assume they do. 20 Q. Meaning they do not need to get your approval 21 before signing? 22 A. If I'm around, they probably forward it to me. 23 But if I'm not, I assume they did sign on them. 24 Q. Okay. When your managers have a question for 25 you or a document for you to review, do they typically	1 Q. Okay. 2 A. And then later on, throw all these charges on 3 it. 4 Q. Okay. And your managers are responsible for 5 ensuring that the clubs do not get ripped off with 6 these charges? 7 A. There's -- I don't think they are going to get 8 ripped off. How can they get ripped off? 9 Q. I thought you said that they come in with one 10 rate, but then they put on all these other fees later? 11 A. Right. 12 Q. So who in your organization oversees to make 13 sure that you are being treated correctly under your 14 agreement? 15 A. It's supposed to go to bookkeeping. This is 16 some kind of bookkeeping department. 17 Q. Okay. All right. This -- this exhibit has an 18 Exhibit 4 on it. 19 MR. SHELLIST: I'll show you guys another 20 document that your lawyer's provided. There's no 21 Bates -- I didn't Bates-number these after you guys 22 gave them to me, but... 23 MS. SERPER: So you didn't want to put 24 the Alson letter as an exhibit? 25 MR. SHELLIST: If you want to, I'm happy
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1 e-mail that to you? 2 A. Basically, call me or fax it to me. 3 Q. Okay. 4 A. I'm not too much a e-mail person. 5 Q. Okay. I understand. 6 A. I'm not too much -- yeah. 7 Q. So, for example, Brenda got this document from 8 Alson, this comparison on this credit card processing 9 agreement. Would Brenda then give that to you to look 10 at? 11 A. Probably. She might put it on my desk. 12 Q. Okay. 13 A. You know, show me the paperwork, and I got a 14 chance to see it. 15 Q. Okay. But it was something -- to your 16 recollection, it was something that Alson would want 17 you to take a look at? 18 A. Probably so. And sometimes -- just some of 19 this, you can't change all the time. Because they come 20 with some special gift -- foot through the door, then 21 after that, they change immediately. As soon as you 22 turn your head around, the rate changes on you. They 23 just -- just to get inside your door. 24 Q. So they give you a teaser rate of a low level? 25 A. Right, just like the vendors.	1 to mark it. I don't -- 2 MS. SERPER: No, that's fine. 3 MR. SHELLIST: Since it's from Las Vegas, 4 I'm not really going to... 5 MS. SERPER: Worry about it. 6 MR. SHELLIST: ...look at it right now. 7 MS. SERPER: Okay. 8 MR. SHELLIST: Yeah. 9 MS. SERPER: Okay. So this is No. 4. 10 (Exhibit No. 4 was marked.) 11 MS. SERPER: Okay. And we'll get some 12 copies at the end. 13 MR. SHELLIST: That's fine, yeah. 14 Q. (BY MR. SHELLIST) And, Mr. Davari, my 15 question's simply going to be: To your knowledge what 16 is that document? 17 A. On the left corner, it says "D. Houston 18 Treasures credit card processing costs." 19 Q. Okay. 20 A. "As a percent of credit card..." 21 Q. And it shows some areas of income on there; do 22 you see that? 23 A. Right. 24 Q. So is that just supposed to show all of the 25 credit card income or all of your total income, if you

<p style="text-align: right;">Page 162</p> <p>1 know, for the period of time and for the location?</p> <p>2 A. Each -- I guess it -- mention it on the left</p> <p>3 side, so I don't know how to categorize that. I didn't</p> <p>4 do this report.</p> <p>5 Q. Do you know who did make that report?</p> <p>6 A. I assume maybe came from CPA --</p> <p>7 Q. Okay.</p> <p>8 A. -- I assume.</p> <p>9 Q. Okay.</p> <p>10 A. I don't have a detailed knowledge.</p> <p>11 Q. But the question, I guess, if you know --</p> <p>12 if -- if you don't have any idea, I don't want you to</p> <p>13 guess. But if you know, what is the purpose of that</p> <p>14 document?</p> <p>15 What does it show us?</p> <p>16 A. I don't know the purpose of someone else</p> <p>17 handing you a piece of paper. I can't -- I can't tell</p> <p>18 you their purpose. You tell me what is the purpose.</p> <p>19 Q. Well, I mean, what -- what does that document</p> <p>20 tell you? What information do you believe --</p> <p>21 A. Houston d/b/a Treasure.</p> <p>22 Q. Okay.</p> <p>23 A. A bunch of numbers.</p> <p>24 Q. Does it show -- so you don't know the purpose</p> <p>25 of it, and you can't tell what it is supposed to</p>	<p style="text-align: right;">Page 164</p> <p>1 Q. (BY MR. SHELLIST) What happens with the door</p> <p>2 fee money when that is collected; where does that go?</p> <p>3 A. That go as income. And basically, that's used</p> <p>4 for amenity that the girls use in the club.</p> <p>5 Q. Do you have any personnel that throughout the</p> <p>6 night go from club to club to pick up the door money</p> <p>7 from either dancers or entrance fees from customers,</p> <p>8 where they pick that money up to collect it?</p> <p>9 A. From -- no. Don't have anyone from club to</p> <p>10 club.</p> <p>11 Q. Well, who collects that money?</p> <p>12 A. The hostess collect the money.</p> <p>13 Q. And what does she do with it?</p> <p>14 A. She turn it in.</p> <p>15 Q. To whom?</p> <p>16 A. To the managers.</p> <p>17 Q. Any of them on duty?</p> <p>18 A. The manager on duty, yes.</p> <p>19 Q. I mean, if there are three managers, she can</p> <p>20 pick the one to give it to?</p> <p>21 A. I assume so, yes.</p> <p>22 Q. And what does the manager do with the money?</p> <p>23 A. The manager put it in a safe to be recycled.</p> <p>24 Q. Okay. And is there any record of that as</p> <p>25 income to the club?</p>
<p style="text-align: right;">Page 163</p> <p>1 represent?</p> <p>2 A. I don't know what you mean with the purpose of</p> <p>3 this, no.</p> <p>4 Q. Now, what do -- what do the numbers represent</p> <p>5 on there, if you know?</p> <p>6 A. There is four numbers under each column, and</p> <p>7 there's a total right under it.</p> <p>8 Q. Okay.</p> <p>9 A. And --</p> <p>10 Q. My -- let me ask you this question: Do you</p> <p>11 see any area on that document where the amount that the</p> <p>12 dancers pay the door fee to come in, where that's</p> <p>13 listed on there?</p> <p>14 A. I don't see anything -- you say "door fee" on</p> <p>15 this, but I don't know. Like what I say, I don't have</p> <p>16 details on these numbers.</p> <p>17 Q. Okay. Well, if you're -- okay, if you don't</p> <p>18 know sort of anything about that document, I'll save it</p> <p>19 for the witness, whomever created it, okay?</p> <p>20 A. Right.</p> <p>21 Q. I'll do that.</p> <p>22 MS. SERPER: I just want to make a copy</p> <p>23 of it before we --</p> <p>24 MR. SHELLIST: Sure, no. Make a copy of</p> <p>25 that.</p>	<p style="text-align: right;">Page 165</p> <p>1 A. Absolutely.</p> <p>2 Q. Who tracks the amount of money that is earned</p> <p>3 from the door every night?</p> <p>4 A. The hostess.</p> <p>5 Q. And what -- does she write that number down?</p> <p>6 A. No, she run it through the cash register.</p> <p>7 Q. Tell me how that would work.</p> <p>8 A. Basically, ring it up. And there's a tape</p> <p>9 with it, and she put the tape --</p> <p>10 Q. Okay.</p> <p>11 A. -- with the amount of money.</p> <p>12 Q. Okay. So there's a cash register at the front</p> <p>13 entrance--</p> <p>14 A. Right --</p> <p>15 Q. -- that is -- that has the tape ability?</p> <p>16 A. Right.</p> <p>17 Q. And when dancers come in to pay, she enters</p> <p>18 that into the register?</p> <p>19 A. No, that's when the customers come in.</p> <p>20 Q. Okay. How about the dancers?</p> <p>21 A. I believe they -- they write it down. The</p> <p>22 hostess keep tracking on it, and attending to the</p> <p>23 money.</p> <p>24 Q. Why do they not enter that into the cash</p> <p>25 register?</p>

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1 A. Because the system we have is not
 2 sophisticated to take all of that stuff.
 3 Q. I don't -- I don't understand what that means.
 4 A. The cash register's kind of old cash register.
 5 Not sophisticated to take all those numbers. It's not
 6 like a POS or anything like that.
 7 Q. No, I know. But you -- you do use the cash
 8 register to track income from patrons?
 9 A. Right.
 10 Q. So --
 11 A. I guess, it's too many keys or something like
 12 this they needed. I don't know why they don't do it.
 13 But the hostess, she write it down, and she deposit the
 14 money, and she balance it herself.
 15 Q. What is the name of the form she writes down
 16 the dancer entrance fee on?
 17 A. I guess the dancer sheet.
 18 Q. Okay. So if I ever needed a copy, I would
 19 call it the dancer sheet?
 20 A. Yes, but I don't think that she keep it for
 21 long. After she get balance out, the numbers get
 22 reported, and we keep it for short period of time, then
 23 that's it.
 24 Q. So each night the hostes has one sheet at the
 25 door --

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1 A. Right.
 2 Q. -- for the dancer --
 3 A. She balances herself, go to the manager. The
 4 manager if he wants to check it, then go to the safe.
 5 Q. When you say "balance," she's balancing the
 6 register?
 7 A. Yeah. She balance. Make sure, I guess, she's
 8 all right. She put her -- she take her tape and her
 9 money.
 10 Q. Okay. And does -- if a dancer comes in and
 11 her fee is \$40 and she has a \$50 bill, does the hostess
 12 use the cash register to give \$10 back to the dancer?
 13 A. Right, if she needed to get change.
 14 Q. And then is the dancer money put into the cash
 15 register?
 16 A. I believe so, yeah.
 17 Q. Okay. And then that form, whatever it is, I
 18 guess you're saying that she would balance it on the
 19 tape at the end of the night?
 20 A. Yeah, there's a -- they take a reading out of
 21 it.
 22 Q. Okay.
 23 A. I don't know how often they take a reading.
 24 That's something controlled, again, by manager.
 25 Q. Okay. And so the tape would differentiate

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1 between customer and dancer?
 2 A. No, tape shows that -- how much money she
 3 collect from front door.
 4 Q. Okay.
 5 A. From the customers.
 6 Q. From the customers?
 7 A. And there's a sheet that got information on
 8 dancers.
 9 Q. Yeah.
 10 A. And then she -- that's the money that go with
 11 that sheet. So the -- the combination of those two is
 12 the money for the door.
 13 Q. Do you know, sitting here today, for example
 14 at Treasures, what it costs you to run a club on a
 15 Saturday night; what it costs you to run the place?
 16 A. I won't be able to give you this number.
 17 Q. Who -- who would know that information?
 18 A. It's just a detail we have to go work on it
 19 through the CPA to get it. And we don't go -- yeah,
 20 the cost, yeah, we have to calculate it.
 21 Q. Have you ever done that before?
 22 A. No, I didn't do nightly. We do it on monthly,
 23 not on daily basis.
 24 Q. Okay. So prior to today, you and the
 25 accountant would have come up with kind of a monthly

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1 cost to run a given club?
 2 A. Right. He's got cost, income, and expenses.
 3 Q. Right. Okay. And do you assign some of the
 4 costs to -- for example, you said the dancers who use
 5 the lights and all of that, the light show, are all of
 6 those costs put under the dancers' expenses?
 7 A. What costs?
 8 Q. The light show cost. Light bulbs --
 9 A. Well, this is the way I like to explain
 10 it: The dancers -- we have dancers, you know, sales
 11 commission people. And they pay floor fee to go toward
 12 the amenity that they use. And they are sales
 13 commission; they are not tip employees. And they get
 14 \$25. Just like any salesperson, \$20 is theirs, \$5 our
 15 share. Has nothing to do with anything else. This is
 16 the way it's set up.
 17 Q. No, no. I'm just asking if, for example,
 18 you -- the light show is so that the dancers can dance
 19 on the stage, right?
 20 A. I cannot say just particularly the dance --
 21 the -- the light show is there as part of the facility
 22 they use.
 23 Q. Right. So what I'm asking is whether or not
 24 you and your accountant assign certain expenses to
 25 different categories or not. I don't know.

<p style="text-align: right;">Page 170</p> <p>1 A. Like what?</p> <p>2 Q. Like the operation of the lights. If you have 3 expenses for lights, do you say, "Now we know what" --</p> <p>4 A. How can you operate -- how can you have a 5 meter on a light? How can you have a meter on carpet? 6 How can you have a meter on furnishings? You can't 7 really have a meter on them to...</p> <p>8 Q. I'm not saying you have to. I just wondered 9 if you broke it down that way.</p> <p>10 A. I don't think so.</p> <p>11 Q. Okay.</p> <p>12 A. I need to check into it. Not to my 13 recollection.</p> <p>14 Q. Okay. So the monthly breakdown, is that a 15 report the CPA sends to you?</p> <p>16 A. Yeah. Monthly -- yes.</p> <p>17 Q. And what do you recall it, the report?</p> <p>18 A. We call it "monthly report."</p> <p>19 Q. Okay. And you get one from each club?</p> <p>20 A. Yes.</p> <p>21 Q. That the CPA prepares?</p> <p>22 A. Yes.</p> <p>23 Q. Okay. Based on data that each club gives to 24 him?</p> <p>25 A. Based on information received from each club,</p>	<p style="text-align: right;">Page 172</p> <p>1 managers get based on the liquor sale?</p> <p>2 What is that amount?</p> <p>3 A. It depends on the qualification of the 4 manager. It varies from one manager to another how 5 long they've been.</p> <p>6 Q. Okay. So on the -- the highest level, the 7 most senior, let's say it's Bill. If he's been with 8 you a long time and is at a high level -- I'm presuming 9 that -- what commission does he get?</p> <p>10 A. I don't have the calculation of percentage.</p> <p>11 Again, that's something I'll have to look into for you.</p> <p>12 Q. Okay. So whether it's 1 percent or 10 13 percent, you're not sure?</p> <p>14 A. I can't answer that, really, at this point.</p> <p>15 Q. Okay. Would that information be reflected on 16 the paycheck of the manager?</p> <p>17 A. Yes. They get it on paycheck just like the 18 rest of the income to them.</p> <p>19 Q. Okay. In the past five years, have you or 20 your companies been involved in other wage and hour 21 lawsuits?</p> <p>22 A. Not to my knowledge.</p> <p>23 Q. Okay. So, for example, if there's a 24 harassment case or something, I don't care about that. 25 All I'm asking about --</p>
<p style="text-align: right;">Page 171</p> <p>1 yes.</p> <p>2 Q. Okay. So there would be line items like 3 repair of carpeting, or payroll, or drinks, or whatever 4 other -- I'm sure you have a laundry list, many items 5 on there for expenses, right?</p> <p>6 A. Well, whatever we have, he itemize it.</p> <p>7 Q. Okay. How do the managers get compensated?</p> <p>8 A. They get paid, and also they get commission.</p> <p>9 Q. Okay. So how are they paid specifically; do 10 they get a salary?</p> <p>11 A. Yes.</p> <p>12 Q. Monthly salary?</p> <p>13 A. I guess they get biweekly checks.</p> <p>14 Q. Okay. So twice a month they are paid?</p> <p>15 A. Right. Not twice a month, biweekly, because 16 we have 52 weeks in a year.</p> <p>17 Q. Okay. And then as far as the commission, you 18 call it, are they commission salespeople?</p> <p>19 A. No, we -- they just get commission.</p> <p>20 They don't -- I don't know what to call them.</p> <p>21 Q. How -- how do you determine --</p> <p>22 A. I call them manager.</p> <p>23 Q. How do you determine the commission?</p> <p>24 A. Based on the liquor sale.</p> <p>25 Q. Okay. And so what is that percentage that the</p>	<p style="text-align: right;">Page 173</p> <p>1 A. No.</p> <p>2 Q. -- is just wage and hour -- somebody who says, 3 "I was not paid right"?</p> <p>4 A. No.</p> <p>5 Q. Okay. Yourself, personally, have you been 6 involved in any lawsuits in the past five years, 7 meaning where you're named personally?</p> <p>8 A. Personally?</p> <p>9 Q. Yeah.</p> <p>10 A. This one right here.</p> <p>11 Q. Other -- yeah, other than this one?</p> <p>12 A. Not to my recollection.</p> <p>13 Q. Okay. And then are there any criminal 14 convictions in the last ten years that you have 15 suffered? I ask -- I ask this of all --</p> <p>16 A. By me?</p> <p>17 Q. Yes, personally, just of you?</p> <p>18 A. No.</p> <p>19 Q. Okay. I think that -- I think I've exhausted 20 your knowledge of the topics that I had. I think I 21 have. But before I let you go, is there any question 22 that I asked you that you felt I did not let you fairly 23 answer, meaning you're going to get to look at your 24 document, this book that the court reporter puts -- put 25 together so that you can ensure everything is correct.</p>

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1 But, I mean, sitting here today, is there
 2 something that you want to tell me that you feel you
 3 said incorrectly that you know now you want to -- you
 4 want to change or correct me about? You don't have to,
 5 but I'm giving you that opportunity.

6 A. I believe at one point you confused me by just
 7 twisting the -- asking the question over and over. And
 8 as -- at the end, just now you're going to repeat it,
 9 if I know how much to allocate to expenses, this stuff.
 10 I guess I made it clear. I don't have that itemized
 11 number.

12 And also I guess I distinguished the
 13 dancers, they are tip commission people, and they pay
 14 the floor fee, which is -- go to the amenity they use
 15 in the club. And the sales commission, that 5
 16 percent -- that \$5 we get, it just strictly sales
 17 commission.

18 And on employees, waitresses, at one
 19 point, you told me the number fluctuated. But I
 20 just -- I want to make sure I explain it to you
 21 correctly that we charge 5 percent -- 3 percent --
 22 close to 3 percent, plus or minus, which to my
 23 calculation I guess a little more, is what we get
 24 charged from the processing company. The other 2
 25 percent, because they are the tip employee, and the

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1 risk we take, we absorb -- we absorb that cost, and we
 2 cash them. We convert that money immediately.

3 And, basically, that's all I want to make
 4 sure you're clear, because you tried to, I guess, ask
 5 these questions so many times, I want to make sure you
 6 got your answer.

7 Q. Yeah. No, I think you made clear whether the
 8 number on Exhibit 1, whether it's 2.43 percent or
 9 closer to 3 percent, we can have number crunchers
 10 verify all of those things.

11 But whatever it is, you have made very clear
 12 to me that that extra money is because you liquidate
 13 the charge immediately, you as a business take a risk,
 14 you have some expenses that come -- that either do
 15 result or might result from that?

16 A. No, it's that -- I don't have some expenses,
 17 just the expenses that are a result of liquidating that
 18 tip. It's not really the other expenses.

19 Q. So what is the -- when you said you take a
 20 risk --

21 A. Yes.

22 Q. -- a risk means something might happen?

23 A. Yeah. Risk at -- pay that -- the money
 24 immediately that night. I convert it into cash.

25 Q. Yes, sir.

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1 A. And they can go home with it.
 2 Q. Right. And you're taking a risk that
 3 something in the future might happen to diminish that?

4 A. Right.
 5 Q. Right. And in your mind, it's legal to charge
 6 the risk to the employee?

7 A. Just that to cover that -- whatever is the
 8 actual -- the chargeback. Not to exceed the
 9 chargeback, and I believe I've been within that
 10 chargeback.

11 Q. Right. But you're charging them that money
 12 before you've ever incurred a chargeback in the future?

13 A. It's not before. It is what it is, basically,
 14 what we see on average what we've been paying.

15 Q. Meaning historically?

16 A. Historically.

17 Q. No, that's understood. Okay. I think you've
 18 made yourself plain.

19 Is there anything else that you --

20 A. No.

21 Q. Okay.

22 MR. SHELLIST: Then having said that, I
 23 wanted to thank you very, very much for your time. I
 24 understand you've been busy and need to leave out of
 25 town either now or in the next day or two.

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1 I will go ahead and pass you as a
 2 witness.

3 THE WITNESS: Likewise, I want to say
 4 thank you.

5 MR. SHELLIST: Sure.

6 THE WITNESS: To all of you for your
 7 time.

8 MS. SERPER: Thank you.

9 Okay. I don't have too much. Famous
 10 last words from a lawyer. But I don't have too much.

11 E X A M I N A T I O N

12 BY MS. SERPER:

13 Q. We've talked about these credit card
 14 chargebacks, and I think you've given testimony about
 15 when a credit card charge is uncollectible, in that
 16 it -- it's not paid to -- to any of the clubs. Do you
 17 ever seek that money or collect it back from the
 18 waitresses?

19 A. Not on a chargeback, never.

20 Q. From a dancer?

21 A. No.

22 Q. Or from a bartender?

23 A. No. I guess I mentioned this before.

24 Q. And let me ask you: How are -- are the
 25 bartenders paid minimum wage?

<p style="text-align: right;">Page 178</p> <p>1 A. Yes. 2 Q. And how long has -- has that been in place? 3 A. That's been -- that's been in place for years. 4 Q. For years? Okay. 5 A. Right. 6 Q. And if -- if you know, what percentage of 7 transactions at Treasures are credit card transactions 8 versus cash transaction? 9 A. I would say more than 95 percent of our 10 transaction at Treasures, they are credit card, if not 11 more. I know around that number. 12 Q. And what about the other clubs? 13 A. They're all pretty much the same. 14 Q. Okay. 15 A. Mostly credit card. You hardly see cash. 16 Q. Okay. 17 MS. SERPER: Before I pass the witness, I 18 want to take 30 seconds and ask Al if he has anything. 19 So we'll step out for one minute. 20 MR. SHELLIST: I tell you what -- I tell 21 you what, let me step out, and you guys can sit here. 22 MS. SERPER: Oh, okay. 23 (Break from 2:17 p.m. to 2:20 p.m.) 24 MS. SERPER: Okay. Just so that I -- I 25 didn't overlook --</p>	<p style="text-align: right;">Page 180</p> <p>1 Q. I thought you told me earlier quite plainly, I 2 thought you did, that the money that you got from the 3 dancers was used to cover the facilities that you 4 offered for the dancers? 5 A. No, sir. What happened is when you asked me, 6 immediately you asked me another question. You told 7 me. You asked me that if I process dancers through the 8 credit card machine. My answer to that was yes. That 9 means yes, we process all the credit card through the 10 same machine. 11 Q. Right. 12 A. That's what my understanding was. 13 Q. Right. 14 A. Because immediately, if I'm not mistaken, you 15 asked two questions same time. 16 Q. Well, I asked you that. But then I said, 17 "Isn't it true that the dancers benefit from the 18 presence of a credit card machine there?" 19 A. My -- my understanding was the way you asked 20 the question -- again, my understanding that time was 21 you asked me that question immediately if they use the 22 credit card machine. I say "yes." 23 Q. And my question now, though, is: Isn't it 24 true that the dancers benefit to some degree by there 25 being a credit card processing machine there?</p>
<p style="text-align: right;">Page 179</p> <p>1 Q. (BY MS. SERPER) When we talked about the 2 bartenders getting minimum wage, is that at all the 3 clubs or just -- 4 A. Yeah, all the clubs. 5 Q. All the clubs. Okay. Just to clarify that. 6 And my last question. We've talked a lot 7 about the commission that the dancers get and the \$5 or 8 the 20 percent that's kept by the club. Does any of 9 that amount, that \$5, go toward credit card processing 10 fees -- 11 A. No. 12 Q. -- or to cover any chargebacks? 13 A. No. 14 Q. Okay. 15 MS. SERPER: I pass the witness. 16 F U R T H E R E X A M I N A T I O N 17 BY MR. SHELLIST: 18 Q. I just want to make sure I'm clear, 19 Mr. Davari. How do you know where that -- when you say 20 that money doesn't go to credit card fees, how do you 21 know that? 22 A. The structure of it. They are sale commission 23 versus tip employees. 24 Q. Okay. 25 A. They are two different things.</p>	<p style="text-align: right;">Page 181</p> <p>1 A. The dancers, they are sale commission, and we 2 get 20 -- what is it, \$5; they get \$20. 3 Q. I didn't ask you what the split was, sir. I 4 want to be clear. 5 Isn't it true -- 6 A. No. 7 Q. -- that the dancers -- 8 A. I would say no. 9 Q. Let me make sure I'm finished, though, so that 10 the record's clear. 11 Isn't it true that the dancers benefit even to 12 some small degree by there being a credit card 13 processing machine in your club? 14 A. To my call, no. They don't use that. Because 15 they just -- that same position I have. You're sale -- 16 they're sale commission person. 17 Q. No, I understand that. But didn't you just 18 tell Ms. Serper that almost every single transaction in 19 your club is credit card? 20 A. The majority of my credit, single -- yes. 21 Q. So if there is no machine there, no processing 22 machine, the dancers wouldn't get paid, right? 23 A. If there's no credit card machine? 24 Q. Right. 25 A. Then everybody's going to pay cash, and still</p>

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1 they get paid.
 2 Q. I thought you said --
 3 A. I can't --
 4 Q. I thought --
 5 A. Well, it's credit card that I process it
 6 through there.
 7 Q. Okay.
 8 A. So they get paid through what they -- they've
 9 been processed. If -- if it wasn't, obviously they
 10 would get cash.
 11 Q. Do you benefit by there being a credit card
 12 machine in the club?
 13 A. It would be hard for me to say, because right
 14 now I have it. I don't know anything -- I never had --
 15 never experienced of it not having the machine in my
 16 club.
 17 Q. Do you think it's good to have the credit card
 18 process in the --
 19 A. I can't guess something I didn't experience.
 20 Q. So you're paying a lot of money to have a
 21 machine that you have no idea if it's a benefit to you?
 22 A. (Pauses.)
 23 Q. That's what you want --
 24 A. I didn't say I don't have a benefit. That's
 25 just like I told you in your equipment -- I mean,

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1 that's equipment in your establishment.
 2 Q. Right. Do you benefit by there being lights
 3 in your club?
 4 A. That's part of -- I tell you what, that -- I
 5 don't know how to explain it, but I guess I say that
 6 machine is in the club.
 7 Q. Right.
 8 A. If I didn't have it, I would be collecting
 9 cash. I can't -- I can't really explain you something
 10 I didn't experience.
 11 Q. Meaning --
 12 A. You tell me.
 13 Q. All I want to know is this, then I'll be done.
 14 Do you think that your clubs benefit by
 15 there being a credit card machine -- processing machine
 16 in the club?
 17 Do you think you make more money because
 18 you have that machine versus not?
 19 A. If I have a business with no credit card
 20 machine and I run it for a few months, I would be able
 21 to answer that correct -- correctly. Because exactly
 22 what I say, I never run that place just between cash.
 23 Q. But did you tell me a moment ago that the
 24 dancers do not benefit from the credit card machine?
 25 A. Everybody benefit from that. But what I'm

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1 saying, that's part of the structure of the business.
 2 Q. It's just part of the overhead; it's part of
 3 the facilities, right?
 4 A. It's right there. I don't know how to
 5 categorize it. I'm really not expert --
 6 Q. Okay.
 7 A. -- to categorize things that I don't know how
 8 to really.
 9 Q. So I think --
 10 A. You may use your own judgment and however you
 11 want to categorize it.
 12 Q. I think you just said everybody benefits from
 13 it. When I said "do the dancers." And I want to make
 14 sure. Is what you meant?
 15 A. What I'm saying is I'm not expert to explain
 16 to you something that exists or doesn't exist. And I
 17 guess you ask the same question.
 18 Q. The only reason I'm asking you, Mr. Davari, is
 19 because at one point I thought you said, yes, there was
 20 a benefit. At another point, I thought you said, no.
 21 And at the end now --
 22 A. No, I -- I never said that -- what -- I'm
 23 saying that when you asked me that question, you asked
 24 me another question immediately. You asked me if the
 25 credit card get process through the machine. I say yes

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1 to that.
 2 Q. No, I understand that. I'm asking if it is a
 3 benefit. Does it help your club and the dancers and
 4 the wait staff make more money?
 5 A. We leave it up to expert in a business to
 6 answer that question.
 7 Q. But that's not you?
 8 A. I leave it up to expert.
 9 Q. Right. And I'm asking: Is that you?
 10 A. I can't answer that question, because I don't
 11 know really without it or with, how it would be.
 12 Q. Okay.
 13 MR. SHELLIST: I don't have any other
 14 questions.
 15 MS. SERPER: Nothing further.
 16 MR. SHELLIST: Yeah.
 17 (The deposition concluded at 2:26 p.m.)

1 **WITNESS CORRECTIONS AND SIGNATURE**
2 Please indicate changes on this sheet of paper,
3 giving the change, page number, line number and reason
for the change. Please sign each page of changes.

4 PAGE/LINE CORRECTION REASON FOR CHANGE

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HASSAN DAVARI

SIGNATURE OF WITNESS

3 I, HASSAN DAVARI, solemnly swear or
4 affirm under the pains and penalties of perjury that
5 the foregoing pages contain a true and correct
6 transcript of the testimony given by me at the time and
7 place stated with the corrections, if any, and the
8 reasons therefor noted on the foregoing correction
9 page(s), and that I am signing this before a Notary
10 Public.

HASSAN DAVARI

15 STATE OF T E X A S *
16 COUNTY OF _____ *
17 SUBSCRIBED AND SWORN TO BEFORE ME BY
18 HASSAN DAVARI on this, the ____ day of
19 , 2010.

Notary Public, State of Texas

My Commission Expires: _____

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1 and return to U.S. Legal Support, Inc., by
2 , 2010;

3 That the amount of time used by each party at
4 the deposition is as follows:

5 MR. MARTIN A. SHELLIST - 3:00
6 MS. LAUREN M. SERPER - 00:05
7 MR. ALBERT T. VAN HUFF - 00:00
8 I further certify that I am neither counsel
9 for, related to, nor employed by any of the parties or
10 attorneys in the action in which this proceeding was
11 taken, and further that I am not financially or
12 otherwise interested in the outcome of the action.

13 **GIVEN UNDER MY HAND AND SEAL OF OFFICE, on**
14 **this, the 21ST day of APRIL, 2010.**

20
21 U.S. Legal Support, Inc.
22 Firm Registration No. 122
23 363 North Sam Houston Parkway East
Suite 900
Houston, Texas 77060
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48 (Pages 186 to 189)

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